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COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, MARCH 18, 2002

APPLICATION OF

CPV WARREN, LLC

CASE NO. PUE020075

For a certificate of public
convenience and necessity for
electric generation facilities
in Warren County, Virginia

ORDER FOR NOTICE AND HEARING

On February 4, 2002, CPV Warren, LLC ("CPV" or "Company") filed an application in both confidential and public versions with the State Corporation Commission ("Commission") for approval, pursuant to § 56-580 (D) of the Code of Virginia and the revised provisions of 20 VAC 5-302-10 and -20 of the Virginia Administrative Code, to construct, own, and operate a 520 MW combined cycle electric generating facility ("facility") in Warren County, Virginia. According to the Company, the facility will consist of a combined cycle, natural gas and steam turbine generating system, to be powered primarily by natural gas. The facility will also be seeking appropriate permission to operate using low-sulfur distillate oil firing for 720 hours per year (the equivalent of 30 days), and advises that it will

propose to burn oil only during the period between November 1st through March 31st in any calendar year.

Further, the Company's application indicates that the facility will interconnect onsite with a 500 kV line owned by Dominion Virginia Power ("Dominion") and a 138 kV line owned by Allegheny Power Systems ("Allegheny"). The facility will be interconnected with Dominion such that 100% of the facility's output can be transmitted across Dominion's transmission system, and will be interconnected with Allegheny such that up to 50% of the facility's output can be transmitted across Allegheny's transmission system, with the remainder transmitted across Dominion's system.

The Company anticipates that natural gas for the facility will be transported to the facility by an interstate pipeline owned by Columbia Gas Transmission Corp. ("TCo"). According to the application, TCo will provide CPV year-round firm backhaul transportation service of up to 90,000,000 cubic feet a day on its mainline. TCo is expected to construct a new point of delivery in the North River District of Warren County, which will tap into TCo's two mainlines identified as VB-5 and VB-Loop and be designed and constructed to deliver up to 90,000 Dth per day. TCo will construct a lateral of approximately 2 miles in length to transport the gas from the new delivery point to the facility. According to CPV, the lateral will be a minimum of 16

inches in diameter and will be capable of transporting the full daily natural gas requirements of the facility. CPV intends to construct piping from the facility to interconnect with the TCo lateral. The Company represents that neither the TCo lateral nor the facility's piping will be used to provide or enhance fuel supplies to any other entity.

According to the Company, the facility will require a maximum of 288,000 gallons of water per day (or approximately 200 gallons per minute) during its peak water usage. Maximum water demand is anticipated to occur under two conditions:

(1) if the facility must run on low-sulfur distillate oil during the winter, or (2) if the facility must run during high ambient temperatures (i.e., in the summer months) while using power augmentation technology for energy efficiency. Under normal operating conditions, the Company anticipates that the facility will require only 90,000 gallons of water per day. It will consume approximately 30,000 gallons of this water and will return approximately 60,000 gallons each day to the Shenandoah River. According to the application, the facility's water supply and wastewater discharge needs can be met by existing municipal water and sewer services.

The facility is proposed to be constructed on 38.6 acres on two contiguous parcels of land within the Warren and Kelley Industrial Parks in Warren County, Virginia. This site is

located approximately 2.3 miles north of Interchange 2 at Interstate Route 66 and five (5) miles north of Front Royal, Virginia, and just southeast of the crossroads community of Cedarville, Virginia.

The facility proposes to operate as an independent power producer, supplying electricity on a wholesale basis to the electricity markets in Virginia and surrounding regions. The Company represents that its facility will have no material adverse impact on the rates paid by customers of any regulated public utility and that the rates for the power generated by the facility will be subject to regulation by the Federal Energy Regulatory Commission. CPV further represents that the facility will have no overall adverse environmental impact and will not otherwise be inconsistent with the public interest.

On March 5, 2002, the Commission entered an Order Granting Confidential Treatment that prescribes the procedures governing access to confidential and commercially sensitive information in the application and its accompanying documents.

NOW THE COMMISSION, having considered the Company's application, is of the opinion and finds that a hearing examiner should be appointed to this matter; that notice of the application should be given to the public; that interested persons should have an opportunity to comment upon the application or otherwise participate in this proceeding; that

the Commission Staff should investigate the Company's application and should present its findings in testimony to be filed with the Commission; and that a procedural schedule should be established for consideration of this application.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to § 12.1-31 of the Code of Virginia and 5 VAC 5-20-120 A of the Commission's Rules of Practice and Procedure ("Rules"), a Hearing Examiner is appointed to conduct all further proceedings in this matter on behalf of the Commission, concluding with the filing of the Hearing Examiner's final report and recommendations to the Commission.

(2) A public hearing before a Hearing Examiner shall be convened on July 24, 2002, at 10:00 a.m., in the Commission's courtroom located on the second floor of the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, to receive testimony from members of the public and receive evidence on the application.

(3) On or before April 5, 2002, the Company shall file with the Clerk of the Commission an original and fifteen (15) copies of any additional testimony and exhibits by which it expects to establish its case and shall serve a copy of the same upon all parties to the proceeding.

(4) The Company shall forthwith make a copy of the public version of its application and other supporting documents

available to the public, who may obtain copies, at no charge, by making a request in writing to counsel for the Company, George D. Cannon, Jr., Esquire, and Cassandra Sturkie, Esquire, Latham & Watkins, 555 Eleventh Street, N.W., Suite 1000, Washington, D.C. 20004. A copy of the public version of the application and other materials filed on this docket may also be reviewed during regular business hours at the Commission's Document Control Center, First Floor, Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, and at the following address:

Office of County Administrator
Warren County Government Center
Commerce Street
Front Royal, Virginia 22630
Hours of Operation: 9:00 a.m. to 5:00 p.m.
Monday through Friday
Contact Person: Doug Stanley,
County Administrator and
Planning Director
Telephone Number: (540) 636-4600

(5) On or before May 22, 2002, any person who expects to participate as a respondent shall file with the Clerk of the Commission, c/o Document Control Center, P. O. Box 2118, Richmond, Virginia 23218, an original and fifteen (15) copies of a notice of participation as a respondent as required by Rule 5 VAC 5-20-80 B, Participation as a Respondent, and shall serve a copy of the same upon counsel to the Company, George D. Cannon, Jr., Esquire, and Cassandra Sturkie, Esquire at the address set

forth in Ordering Paragraph (4) above, and on Commission Staff counsel assigned to the matter, Sherry H. Bridewell, Senior Counsel, and William H. Chambliss, General Counsel, State Corporation Commission, P. O. Box 1197, Richmond, Virginia 23218-1197. The notice of participation shall be filed and served as required by Rule 5 VAC 5-20-140, Filing and Service, and 5 VAC 5-20-150, Copies and Format. Any organization, corporation, or government entity participating as a respondent must be represented by counsel as required by Rule 5 VAC 5-20-30, Counsel.

(6) Within five (5) business days of receipt of a notice of participation as a respondent, the Company shall serve upon each respondent a copy of this Order, a copy of the March 5, 2002 Order Granting Confidential Treatment, a copy of the public version of the application, and all publicly available materials filed with the Commission, unless such materials have already been provided to the respondent.

(7) On or before June 14, 2002, written comments on the Company's application may be filed with the Clerk of the Commission at the address set out in Ordering Paragraph (5) herein, and a copy of the same shall also be mailed to counsel for the Company at the address set out in Ordering Paragraph (5) above.

(8) On or before June 14, 2002, each respondent shall file with the Clerk of the Commission an original and fifteen (15) copies of the testimony and exhibits by which it expects to establish its case and shall serve a copy of the testimony and exhibits on counsel to the Company and on all parties to the proceeding. The respondent shall comply with Rule 5 VAC 5-20-140, Filing and Service; 5 VAC 5-20-150, Copies and Format, and 5 VAC 5-20-240, Prepared Testimony and Exhibits.

(9) The Commission Staff shall investigate the Company's application and consult with state agencies concerned with environmental protection. On or before June 26, 2002, Staff shall file with the Clerk of the Commission the testimony and exhibits it intends to present at the hearing and copies of any workpapers that support the recommendations made in its testimony. Copies of the testimony and exhibits shall be served on all parties.

(10) On or before July 12, 2002, the Company may file with the Clerk of the Commission an original and fifteen (15) copies of all of the testimony and exhibits that it expects to offer in rebuttal to the direct testimony and exhibits of the Commission Staff and respondents and shall serve one copy on all parties to the proceeding on or before July 12, 2002.

(11) Rule 5 VAC 5-20-260, Interrogatories to parties or requests for production of documents and things, shall be

modified for this proceeding as follows: (i) answers and objections shall be served within ten (10) calendar days after receipt of interrogatories; (ii) motions on the validity of any objections raised by answers shall be filed within five (5) business days of receipt of the objection; and (iii) Staff and parties upon whom service must be made are encouraged to reach an agreement regarding other arrangements with respect to the receipt of answers.

(12) On or before April 19, 2002, the Company shall complete the publication of the following notice and the sketch map showing the location of the proposed facilities (Attachment I to this Order) on two occasions as display advertising (not classified) in a newspaper or newspapers of general circulation in Warren County, Virginia:

NOTICE TO THE PUBLIC OF AN
APPLICATION BY CPV WARREN, LLC,
FOR APPROVAL OF GENERATION FACILITIES
IN WARREN COUNTY, STATE CORPORATION
CASE NO. PUE020075

On February 4, 2002, CPV Warren, LLC ('CPV' or 'the Company') filed with the State Corporation Commission its application for a certificate of public convenience and necessity to construct and operate an electric generating facility ("facility") in Warren County. A description of the location of the facility follows:

On a tract consisting of 38.6 acres on two contiguous parcels of land within the Warren and Kelley Industrial Parks located in Warren

County, Virginia. This location is approximately 2.3 miles north of Interchange 2 at Interstate Route 66 and approximately five miles north of Front Royal and just southeast of the crossroads community of Cedarville, Virginia.

A map showing the approximate location of the generating plant and its associated facilities accompanies this notice.

The facility will be powered by a combined cycle, natural gas and steam turbine generating system, to be powered primarily by natural gas, with a nameplate capacity of 520 MW. According to the Company, the major components of the facility include two combustion turbine generators supplied by GE, two supplementary fired heat recovery steam turbines and state-of-the art air pollution controls.

To promote fuel diversity and to ensure flexibility in the event of unreliable market conditions, the Company will seek permission from other state or federal agencies to operate the facility using low-sulfur distillate oil firing for 720 hours per year (the equivalent of 30 days). In the event that CPV must power the facility using low-sulfur distillate fuel oil, it will burn oil only during the period between November 1st through March 31st in any calendar year.

The Company's application indicates that the facility proposes to operate as an independent power producer, supplying electricity on a wholesale basis to the electricity markets in Virginia and surrounding regions. According to the Company, construction of the facility will require approximately 28-30 months.

A public hearing on the application for a certificate for the generating facilities

will be convened before a Hearing Examiner on July 24, 2002, at 10:00 a.m. in the Commission's courtroom, located on the second floor, Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, to receive comments from members of the public and evidence on the application.

The public version of the application may be inspected in the Commission's Document Control Center, Office of the Clerk of the Commission, located on the first floor, Tyler Building, 1300 East Main Street, Richmond, Virginia, during the Commission's business hours of 8:15 a.m. to 5:00 p.m., Monday through Friday. Copies of the public version of the application may also be inspected during regular business hours at the Office of the County Administrator, Warren County Government Center, Commerce Street, Front Royal, Virginia 22630, during its regular hours of operation of 9:00 a.m. to 5:00 p.m., Monday through Friday. The contact person for this location is Doug Stanley, County Administrator and Planning Director, and he may be reached at (540) 636-4600.

Persons desiring to review the confidential version of the application should review the Commission's March 5, 2002, Order Granting Confidential Treatment. That Order prescribes the procedures governing access to documents which the Company has designated as confidential or commercially sensitive.

On or before May 22, 2002, any person who expects to participate as a respondent as provided by the Commission's Rules of Practice and Procedure ("Rules") 5 VAC 5-20-80 B shall file with the Clerk of the State Corporation Commission, c/o Document Control Center, P. O. Box 2118, Richmond, Virginia 23218-2118, an original and fifteen (15) copies of the notice of intent to participate and shall service a copy of the

same on counsel to the Company, George D. Cannon, Jr., Esquire, and Cassandra Sturkie, Esquire, Latham & Watkins, 555 Eleventh Street, N.W., Suite 1000, Washington, D.C. 20004, and on the Commission Staff counsel assigned to the matter, Sherry H. Bridewell, Senior Counsel, and William H. Chambliss, General Counsel, Office of General Counsel, State Corporation Commission, P. O. Box 1197, Richmond, Virginia 23218-1197. Any organization, corporation, or government entity participating as a respondent must be represented by counsel as required by Rule 5 VAC 5-20-30. The Commission's Order for Notice and Hearing entered in Case No. PUE020075 provides the complete procedural schedule and instructions on participation in this case.

Any person not participating as a respondent may present oral testimony at the public hearing as a public witness. These persons should arrive at the hearing by no later than 9:45 a.m. on July 24, 2002, and contact the Commission's Bailiff.

Individuals with disabilities who require an accommodation to participate in the hearing should contact the Commission at least seven (7) business days before the scheduled hearing date at 1-800-552-7945 (voice) or 1-804-371-9206 (TDD).

On or before June 14, 2002, written comments on the Company's application shall be filed with the Clerk of the State Corporation Commission at the address set forth above, and a copy mailed to counsel for the Company, George D. Cannon, Jr., Esquire, and Cassandra Sturkie, Esquire, at the address identified herein. Such comments must refer to Case No. PUE020075.

Copies of the Order for Notice and Hearing and of the Order Granting Confidential Treatment may be obtained from the Clerk of the Commission at the address

noted herein. The unofficial text of these orders may be viewed at the Commission's website:

<http://www.state.va.us/scc/caseinfo/orders.htm>. The Commission's Rules of Practice and Procedure and other information may also be viewed on this website.

CPV WARREN, LLC

(13) On or before April 19, 2002, the Company shall serve a copy of this Order on the chairman of the board of supervisors of Warren County; a representative of Columbia Gas Transmission; Robert G. Burnley, Director of Environmental Quality, Post Office Box 10009, Richmond, Virginia 23240-0009; the Secretary of Natural Resources; James R. Haney, Vice President, Allegheny Power, 800 Cabin Hill Drive, Greensburg, Pennsylvania 15601-1689; and Edgar M. Roach, Jr., Chief Executive Officer, Dominion Virginia Power, 400 Shady Avenue, Pittsburgh, Pennsylvania 15260. Service shall be made by first-class mail or delivery to the customary place of business or residence of the person served.

(14) On or before July 12, 2002, the Company shall file with the Clerk of the Commission the proofs of the newspaper publication and proofs of service required by Ordering Paragraphs (12) and (13).